

2017-2018 BUDGET QUESTION
Response to Request for Information

DEPARTMENT: Human Resources

REQUEST NO.: 50

REQUESTED BY: Houston

DATE REQUESTED: 6/12/17

DATE POSTED: 6/16/17


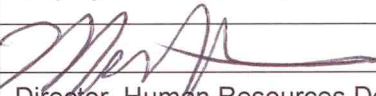
REQUEST: Please provide the number of retirees who have returned to work and what the City of Austin's policy is on pay for retirees from the city who are returning back to work.

RESPONSE:

As of May 3, 2017, there were 289 City of Austin Employee Retirement System employees working for the City; 31 Austin Police Retirement System employees; and four (4) Austin Fire Fighters' Relief and Retirement Fund employees, for a total of 324 retirees.

The procedure for hiring retirees can be found [here](#) and is also attached on the following page.

If a retiree is hired into a regular, budgeted position, their pay will be determined according to compensation procedures. If the retiree is hired into a temporary position, other factors will be taken into account to determine pay, like job duties and experience.

	Human Resources Department		
	Guide	Retiree Return to Work Guide	
	Department:	Human Resources Department	
	Division:	Employment Services Division	Proc. Rev.No.: 1
	Approval:		Date: June 25, 2013
	Title:	Director, Human Resources Department	Reviewed:

PURPOSE

To establish a minimum break in service between the time a City employee leaves their employment with the City and the time that same individual may be rehired by the City when the individual is eligible to receive a retirement benefit from a City retirement system.

To confirm the City's procedures for rehiring certain former City employees in consideration of amendments made in 2011 to the state statute establishing the city of Austin Retirement system (Tex. Rev. Civ. Stat. Art 6243n).

OVERVIEW

To appropriately identify and employ retirees who may provide important knowledge, skills or abilities to the City by returning to the workforce.

Requires a break in service of a minimum of 90 days for all retirees who have not attained normal retirement age. Defines normal retirement age.

For purposes of rehiring such retirees, the federal tax law requires a complete break in service between the time an employee leaves their employment with the City and the time the retiree may be rehired. Failure to satisfy this break in service rule could mean that the retiree would lose their eligibility to continue receiving their retirement benefit when they are rehired by the City.

To provide consistency in the application of this Guide across all City departments, HRD is final authority for approval of returning employees who are receiving a retirement benefit from a City of Austin retirement plan.

CONTENTS

> General Guidelines (p.3)

> Hiring Steps (p.3)

APPLIES TO

<input checked="" type="checkbox"/> All non-Civil Service Retiree Employees, including Executives, full-time status, part-time status, temporary status, temporary on call, temporary seasonal	<input type="checkbox"/> All non-civil service Employees, EXCEPT (Check all that apply):	<input type="checkbox"/> LIMITED application to one or more of the following (<i>check all that apply</i>):
<input type="checkbox"/> Regular Status Non-Civil Retiree Service Employees	<input type="checkbox"/> Executives <input type="checkbox"/> full-Time status <input type="checkbox"/> part-Time status <input type="checkbox"/> probationary status <input type="checkbox"/> temporary status <input type="checkbox"/> temporary on call <input type="checkbox"/> temporary seasonal <input type="checkbox"/> interns <input type="checkbox"/> Others (specify)	<input type="checkbox"/> Executives <input type="checkbox"/> full-time regular <input type="checkbox"/> status part-time <input type="checkbox"/> regular status <input type="checkbox"/> probationary status <input type="checkbox"/> temporary status <input type="checkbox"/> temporary on call <input type="checkbox"/> temporary seasonal <input type="checkbox"/> interns <input type="checkbox"/> Other (<i>specify</i>): Retirees
<input checked="" type="checkbox"/> All Civil Service Retiree Employees		

DEFINITIONS

Retiree	A former employee, who has or is receiving, benefits as a retiree from one of the City of Austin retirement systems (COA ERS, AFRS or APRS). This person has not suspended his/her retirement benefits.
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COA ERS	City of Austin Employee Retirement System as established in 1941 by City ordinance and defined since August, 1991, by state law, Article 6243n, Vernon's Texas Civil Statutes.
AFRS	Austin Fire Fighters Relief & Retirement Fund established by an Act of the 45th Texas Legislature in 1937 and governed by Article 6243e.1, Vernon's Texas Civil Statutes.
APRS	City of Austin Police Retirement System originally established in 1979 by a City Council ordinance. Since 1991, the System has been governed by state law (Article 6243n-1, Vernon's Texas Civil Statutes) with plan amendments made by the Legislature of the State of Texas.
Break in service	The waiting period that a person is not employed by the City of Austin. Days are counted beginning with the first day after the last day of employment (including any leave usage) until the day before the new hire date.
Eligible for Rehire	Determined by the retirement system, age and years of creditable service. Determines if there is a waiting period.
Normal Retirement Age Criteria	<ul style="list-style-type: none"> City of Austin Employees' Retirement System Employees that are members up to December 31, 2011 – Age 62 or 55 with 20 years of creditable service. Beginning January 1, 2012 – Age 65 with 5 years or 62 with 30 years or Early Retirement Option: Tier 2 - Age 55 with 10 years service with reduced benefits to be cost-neutral. <p>Austin Police Retirement System – Age 55 with 20 years of creditable service</p> <p>Austin Fire Fighters Relief and Retirement Fund – Age 50 with 10 years of creditable service</p>
Rehire	The return to an employed status (active) of a person who has previously worked for the City of Austin and who is selected for the same or a different position after full separation has occurred.
Retirement	The termination of employment of an employee after the employee becomes entitled to receive a retirement allowance. Full separation from the City is required prior to any future employment with the City.
Rolling 12 month Period	A retiree who returns to work for the City as a non-regular full or part time employee can work up to 1,508 hours looking back in a rolling 12 month period.

ROLES & RESPONSIBILITIES

Department HR Staff	<ul style="list-style-type: none"> Identifies a potential employee as a retiree by reviewing the application to determine the person's retirement status, retirement date and retirement system. Ensures that criteria for rehiring a retiree are met. Determines if retiree meets normal retirement age. Notes on the new hire Personnel Action Form (PAF) that the employee is a retiree. Monitors the data warehouse for retiree's number of hours worked to ensure that they do not exceed 1508 hours in a rolling 12 month period.
Returning Retired Employee	<ul style="list-style-type: none"> Notifies the rehiring department of the retiree's status and retirement system. Is aware of the criteria for rehire and complies with any requirements. Completes an employment application including the field asking for retirement status, system and date of retirement
HRD	<ul style="list-style-type: none"> Provides reports detailing City retirees and the number of hours worked in a rolling 12 month period every pay period. Reports will be accessible in the data warehouse. Includes fields in the employment application asking retirement status, retirement system and date of retirement. Responds to requests for retirement date and date of birth.
COA ERS	Provides a current list of all retirees who have received a lump sum or a monthly annuity (monthly payroll report) to HRD.

AFRS	Provides a current list of all retirees who have received a lump sum or a monthly annuity (monthly payroll report) to HRD.
APRS	Provides a current list of all retirees who have received a lump sum or a monthly annuity (monthly payroll report) to HRD.
Guidelines	
Monitoring	<ul style="list-style-type: none"> • Departments review the question on the employment application to identify retirees returning to work. • HRD updates and provides current reports in the data warehouse. • Departments check the data warehouse to ensure that retirees do not exceed 1508 hours in a rolling 12 month period.
Approval	<ul style="list-style-type: none"> • If an employee separates from the City and receives benefits from a City retirement system, and has not met normal retirement age, a 90 day break in service must occur before the retiree may return to work for the City. • Approval to rehire a retiree must meet the criteria of this procedure. The Human Resources Director has the authority to grant exceptions based on the business need of the organization and notification to the appropriate retirement system.
Transfer of Retiree	<ul style="list-style-type: none"> • If a retiree transfers to another department, the transferring department must communicate the the number of hours worked in a rolling 12 month period to the receiving department. • A break in service is only required at the time the employee returns to work after becoming a retiree. A transferring retiree would not be required to serve an additional 90 day break in service.
Payroll	<ul style="list-style-type: none"> • Tax liability associated with being rehired and receiving a retirement benefit from one of the City of Austin retirement systems will be the employed retiree's responsibility. • The City of Austin will take payroll withholdings for federal taxes as appropriate and in accordance with information on form W4.
Prohibitions	<ul style="list-style-type: none"> • No employee who is eligible to retire can have a guarantee or agreement of employment to return to work at the time of separation as a retiree from the City of Austin. • Employees may not return to a full time regular budgeted position that could be covered by the retirement system from which they retired. Retirement benefits will be suspended if a retiree works more than 1508 hours in a rolling 12 month period.
Hiring STEP 1. RETIREE APPLIES FOR POSITION	
Complete Application	<ul style="list-style-type: none"> • A retiree who is interested in returning to the workplace after retirement shall complete an employment application. The normal City of Austin new hire process shall apply. • The retiree must identify themselves as a former employee on the application and reason for leaving should be retirement.
STEP 2. RETIREE ACCEPTS POSITION	
Verify Eligibility for Rehire	If the department selects the retiree for the position, the department should then determine if the employee is eligible for rehire.
Criteria for	COA ERS

Rehire	Retiree	COA Temporary Position The retiree is normal retirement age, will work less than 1508 in a rolling 12 month period. The retiree is not normal retirement age, has had a 90 day break in service, will work less than 1508 hours in a rolling 12 month period. Must comply with Temporary Procedure. Note: If a COA retiree accepts a part time regular position (less than 30 hours), and works more than 1508 hours in a rolling 12 month period, retirement benefits will be suspended.	
		AFRS Retiree	Regular Authorized Position (full or part-time) – Only if position is covered by COA ERS or APRS. COA Temporary Position – The retiree is normal retirement age, will work less than 1508 in a rolling 12 month period. The retiree is not normal retirement age, has had a 90 day break in service, will work less than 1508 hours in a rolling 12 month period. Must comply with Temporary Procedure.
	APRS Retiree		Regular Authorized Position (full or part-time) - Only if position is covered by COA ERS or AFRS. COA Temporary Position – The retiree is normal retirement age, will work less than 1508 in a rolling 12 month period. The retiree is not normal retirement age, has had a 90 day break in service, will work less than 1508 hours in a rolling 12 month period. Must comply with Temporary Procedure.
		Rehire and Suspension of Retirement Benefits	
	Retirees already rehired		Retirees who were hired prior to April 1, 2011 and have worked continuously since that date, are exempt from the 90 day break in service requirement since they were rehired prior to the March 31, 2011 Memo from HRD Director to Department Directors and HR Managers, Retirees Returning to Work for the City. The retiree is subject to comply with the 1508 hours in a rolling 12 month period restriction.. Should the retiree separate from service and return to work at a later date, he or she will be subject to all the criteria in this procedure.
	Disability Retirement		Retirees who have taken retirement due to a disability would only be eligible for a position that meets or accommodates the restrictions of the disability, falls within acceptable criteria of the respective retirement plan and meets the above criteria for rehire.
STEP 3. REPORTING & REVIEW			
HRD Reports	Regular Authorized Position (full or part-time) – HRD will provide a report every pay period for the retirement systems and management to identify any active rehired retirees in regular authorized budgeted positions.		
	Temporary Position – HRD will provide a report for departments every pay period for the retirement systems and management to identify any active rehired retirees in temporary positions and the number of hours the employee/retiree has worked in a rolling 12 month period.		

Department Review	<p>Departments should monitor hours for rehired retirees in temporary positions ensuring that the maximum hours worked in the rolling 12 month period does not exceed 1508 hours.</p> <p>Management should adjust hours and schedules as appropriate to meet the criteria. If 1508 hours in a rolling 12 month period are exceeded, the rehired retiree should be terminated from the temporary assignment.</p>
COA ERS, AFRS & APRS Review	Each retirement system will be provided the reports on rehired retirees. If there are any concerns regarding the employment status or hours of these retirees, the retirement system will contact HRD to work with the department to resolve any issues or changes that need to occur.

REFERENCE DOCUMENTS

	No.	Type	Title
Replaced Documents			
		COA ERS Q & A	COA ERS Retirees Working for City Q & A: 1/13/2005
Current Documents			
		HR Director Memo	Retirees Returning to Work for the City, March 31, 2011
		Personnel Policy	Temporary Employees Definitions
		Personnel Procedure	Temporary Employees: March 10, 2012
		COA ERS FAQ	Retirees Working for the City of Austin Member Handbook
		Employee Benefits Guide	Employee Eligibility
		Personnel Forms	Personnel Action Form (PAF)
		Banner	
		Government Regulations	Internal Revenue Code Section 411 Definition of Normal Retirement Age, IRS Form 5624. Texas local government code 6243n. Municipal Retirement System in municipalities of 740,000 to 1,000,000

RESOURCE ADMINISTRATION

Review Cycle	Annual Review. Review may be requested by COA ERS, AFRS, or APRS
Authority to Change	At the initiation of HRD.